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SECURITY INFORMATION

28 August 1952

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT : Unsatisfactory Relations with OIR

1. The purpose of this memorandum is merely to bring you up-to-date on my thinking with regard to the division of responsibilities between OIR and ORR for the production of economic intelligence on the Soviet, to indicate the immediate course of action I contemplate, and to give you my estimate of the inevitable final outcome.

2. Ever since I joined the Agency there has been a series of minor guerrilla actions between this Office and DRS (Division of Research on the Soviet) of OIR, none of which have amounted to very much in isolation, but which cumulatively present an increasing problem of policy.

3. The following might be noted:

a. Moss Harvey's statement in March to Frank Wisner that his office was in effect the final authority on Soviet budget analysis. When charged on this Allan Evans, Director of OIR, backed down and pooh-poohed the matter.

b. DCI's request that [REDACTED] be sent to Moscow preparatory to joining the top staff of AD/RR and the effective killing of this by Fisher Howe.

c. Informal agreement between AD/RR and Mr. Evans that each would refrain from competitive hiring of scarce economic experts, i.e. that OIR would have first-crack at specialists in the free world whereas ORR would be given the first opportunity at obtaining the services of specialists in the Soviet and its Satellites. (The question of China was left for later settlement.) This agreement was recently broken in a most annoying way by OIR in the hiring of one A. D. Redding, a recognized economic expert on the Soviet. The method of enticement is particularly galling in view of the preceding item, inasmuch as Redding was persuaded to join the State Department rather than CIA by a flat promise that he would be given a year in Moscow.

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[redacted] had competence in the field and that they would prepare the paper subject to general coordination with the other agencies. The deadline was given as 1 August. Upon receipt of our paper, which admittedly was in rather rough draft form, ORR insisted that the whole matter start over again with a joint team including State Department analysts and that "several months" be allotted for the task. This matter appears to have been settled by my agreeing to a joint review of certain aspects of the problem and postponing the deadline to 8 September. This did, however, put me in a slightly embarrassing position [redacted]

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e. WIE-64. This estimate was laid on with a stringent time deadline and State Department undertook no economic contribution. Drafts have been in circulation since early June but only during this present week have the State Department representatives seen fit to attack the economic portions in detail. The performance at the 26 August meeting of IAC representatives on the Board was characterized by AD/NE as "unpardonable."

4. It is my intention to try and iron out these difficulties through the EIC and directly with Messrs. Evans and Howe and to keep you informed of progress or lack thereof.

5. The ultimate resolution will in my opinion have to take account of the essential quantitative fact that DRS, with a grand total of fourteen professionals of whom only two are concerned with Russian industrial economy, cannot be treated as the equal of ORR with several hundred analysts devoted to the same subject. The State Department people cannot and do not perform original research, collation or production of basic intelligence; therefore, they in effect set themselves up as a Board of Review demanding as the price of their concurrence step-by-step demonstration of the validity of ORR conclusions. No one will deny that criticism and cross-examination are very healthy ingredients in the dish of national intelligence, but structurally this should be supplied by the new audit and review staff of ORR as well as by the Board of National Estimates, not by a minor subdivision of one of the member agencies of the IAC. What this small group of gad-flies is now attempting with respect to economic estimates is every whit as insufferable as if some of us ex-soldiers in ORR were to challenge and demand legal proof of the validity of every military estimate submitted by the services.

Thus, I venture to predict that it will ultimately be necessary to take strong action such as amending NSCID 15 so as to exclude the Department of State from responsibility for, or authority to produce, economic intelligence on the Soviet Orbit.

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